**The 1920s Economy and the Stock Market Crash**

**Agenda:**

1. The Canadian Boom and the Consumer Revolution
2. How the Stock Market Works
3. Playing the Stock Market Game
4. Black Tuesday – October 29, 1929

**Expectations:**

CGV.01 - describe some of the major local, national, and global forces and events that have influenced Canada’s policies and Canadian identity since 1914;

SPV.01 - explain changing economic conditions and patterns and how they have affected Canadians;

MHV.02 - interpret and analyse information gathered through research, employing concepts and approaches appropriate to historical inquiry;

**Activities :**

1. Give students the accompanying handout with the boom and bust cycles on them.
2. Canada’s Boom cycle and the Consumer Revolution

* Make students aware that Canada was moving away from Britain, and our relationships with the U.S. was developing because of our abundant natural resources meaning we were sending goods to the U.S.
  + Trees were cut to make paper
  + Mining in the Canadian North became popular for gold, silver and zinc
  + Canada began exporting raw materials to America
  + America had more factories, meaning they could produce and sell more things to Canada
  + Canada imposed a **Tariff –** a tax on all goods coming into the state
  + In order to keep selling their products American plants opened in Canada so their goods would not have a tariff on them because there was no border to cross
* Because our economy was doing well it lead to a **consumer revolution** because people could now afford to spend money on more items – and credit becomes available

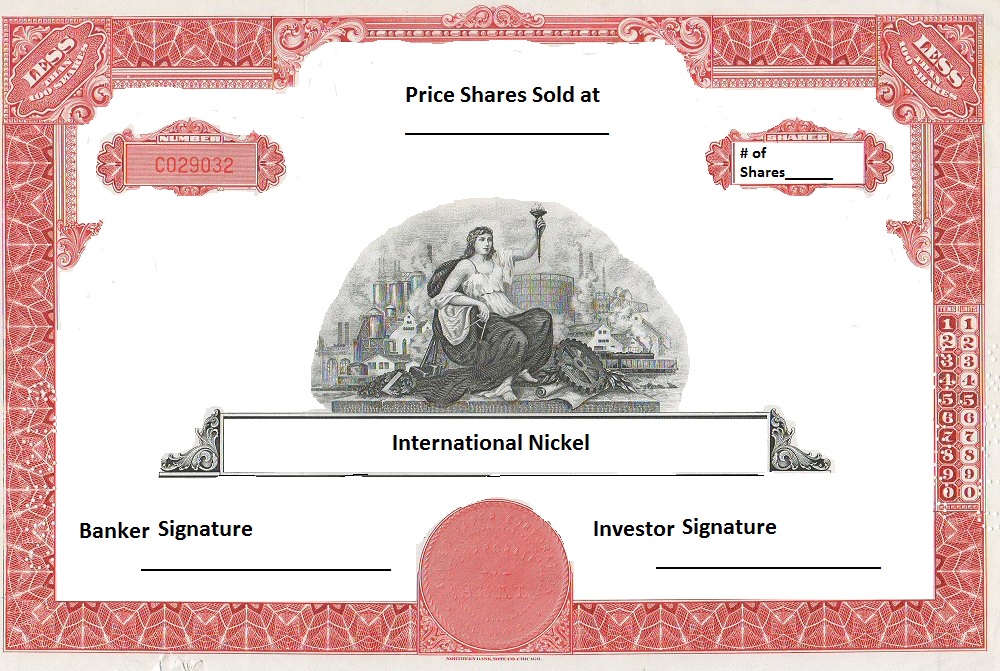
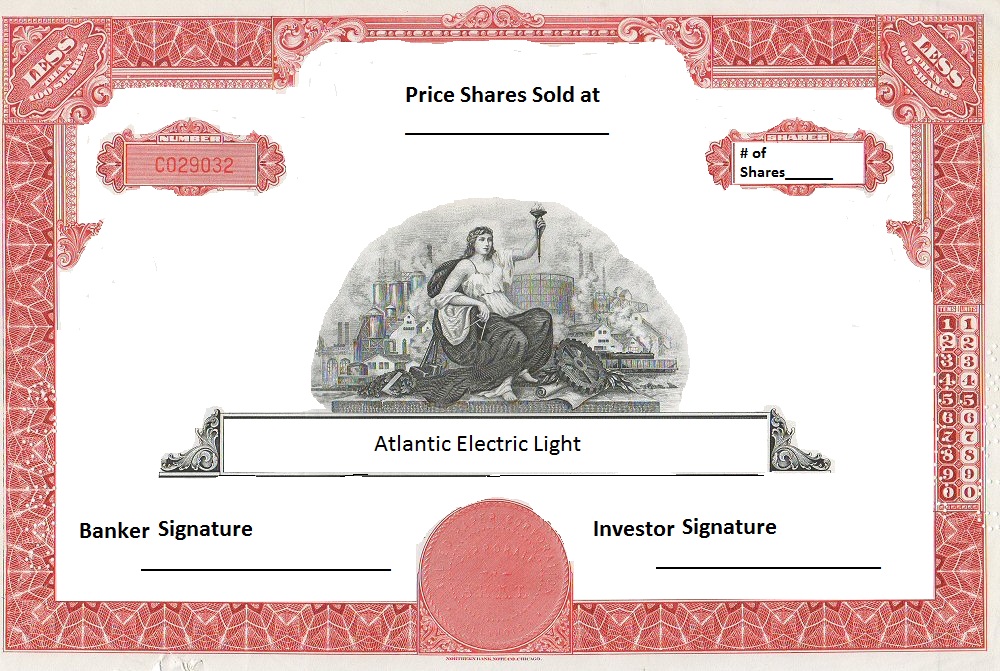
3. The Stock Market

* Because people now had extra money, people began to invest in the stock market
* Large companies make money by selling stocks/shares in their company, and ordinary people buy stocks/shares
* People buy stocks for two reasons
  + 1. They want the stock to make money and you sell it for a profit
  + 2. The company makes a ton of money and you receive a portion of the company’s product
* Show students diagram on page 89 of text
* 1 in 10 Canadians bought stocks in the 1920s

4. The Stock Market Game

1. Choose three students to be stockbrokers. The brokers set up their offices at the front of the Room. Brokers are given a supply of stock certificates (appendix 4.1) and a stock record page (appendix 4.2).
2. Inform the class that the rest of the class are investors. Each investor keeps an expense sheet (appendix 4.3).
3. Inform students that the purposed of the game is to gain experience playing the stock market (the students will work in pairs)
   * The students' aim as investors is to make as much money as possible. The student's start with $500 (monopoly money) that has been left to them as an inheritance in your grandmother's will.
   * They may invest any amount of money in one company or all three
   * For the purpose of the game, they cannot sell their stock during the first three stages. Investors must carefully record each purchase on their expense sheets.
4. Have a transparency of the stock market sheet and on an overhead and do the math with the girls themselves
5. Discuss the effects of the **Crash** in New York, Toronto and Montreal:

* Prices kept falling until finally they reached a devastating low on October 29th (Black Tuesday)
* For the next couple months prices began to fall continually, and people and companies lost money
* Canada was badly hit because American industry could no longer afford to purchase Canada’s natural resources (30% of National Income came from the selling of exports)



Spending your inheritance!

Spending Your Inheritance

1925: You are a young investor. Buy away!

|  |  |  |  |
| --- | --- | --- | --- |
| Stocks Bought | Number Purchased | Price of Stock (x) Amount of Stocks | Total Investment |
| **Nickel** |  | 25 x = |  |
| **Light** |  | 30 x = |  |
| **Mining** |  | 50 x = |  |

1927: The Stock Market is Great Right Now! Sell, sell, sell!

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Stocks | 1925 Total Investment | New Stock Price (x) number of stocks your selling | New Selling Price (-) your 1925 Investment | Profit? |
| **Nickel** |  | 45 x = |  |  |
| **Light** |  | 55 x = |  |  |
| **Mining** |  | 75 x = |  |  |

1929: Panic! The stock prices are collapsing. Sell yours for what you can get!

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Stocks | 1925 Total Investment | New Stock Price (x) number of stocks you are selling | 1925 Total Investment (-) your selling price | Losses? |
| **Nickel** |  | 3 x = |  |  |
| **Light** |  | 5 x = |  |  |
| **Mining** |  | 9 x = |  |  |

Total Losses: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Remaining Investment: \_\_\_\_\_\_\_\_\_\_\_\_\_